

METROPOLITAN LIBRARY COMMISSION OF OKLAHOMA COUNTY

LIBRARY RETIREMENT PENSION BOARD AGENDA

Members:

Penny McCaleb, Chair
Fran Cory, Vice-Chair
David Greenwell, Disbursing Agent
Donna Morris, Executive Director
Jim Welch, Deputy Executive Director/Technology
Lloyd Lovely, Deputy Executive Director/ Finance & Support

Tuesday, November 30, 2010
3:30 p.m.

Belle Isle Library
5501 N. Villa
Oklahoma City, OK 73112

- I. Call to Order and Establishment of Quorum – Penny McCaleb, Chair
- II. Approval of Minutes of November 10, 2009 meeting
- III. Discussion, Consideration and Possible Action: Review of Investments and Money Manager Performance ~ Karen Foust, Asset Services Company
- IV. Discussion, Consideration and Possible Action: Review of Investments and Money Manager Performance ~ Bank of Oklahoma
- V. Discussion, Consideration and Possible Action: Defined Contribution Plan Report ~ Mark Thompson, Mass Mutual Financial Group
- VI. Discussion, Consideration and Possible Action: Annual Valuation as of July 1, 2010 ~ Ken Culver, President, FBD Consulting, Inc.
- VII. Discussion, Consideration and Possible Action: Recommendation for the Metropolitan Library System's Contribution to the Pension Fund for FY 2010-2011

METROPOLITAN LIBRARY COMMISSION
OF OKLAHOMA COUNTY

LIBRARY RETIREMENT PENSION BOARD

MINUTES

DATE: Tuesday, November 10, 2009 TIME: 3:30 PM
MEETING PLACE: Downtown Library
300 Park Avenue
Oklahoma City, OK 73102
(405) 231-8650

Written public notice of the time, date, and place of this meeting was given to the County Clerk of Oklahoma County, November 2, 2009. Notice of the time, date, place, and agenda for this meeting was posted by the Secretary of the Commission in prominent public view at the Downtown Library, 300 Park Avenue, Oklahoma City, on November 6, 2009, in conformity with the Oklahoma Open Meeting Act § 311.

COMMITTEE MEMBERS PRESENT:

Hugh Rice, Chair
David Greenwell
Lloyd Lovely
Donna Morris
Jim Welch

COMMITTEE MEMBERS EXCUSED:

Carolyn Willis

COMMISSION MEMBERS PRESENT:

None

ESTIMATE OF OTHERS PRESENT: 5

I. The meeting was called to order at 3:32 p.m. by Mr. Hugh Rice, Chair.

Roll was called to establish a quorum. Present: Lovely, Morris, Welch, Rice (Arrived: Greenwell, 3:35).

II. Mr. Rice referred to Agenda Item II ~ Approval of Minutes of April 2, 2009.

Mr. Jim Welch moved to approve the minutes of the April 2, 2009 meeting. Mrs. Donna Morris seconded. No further discussion; motion passed unanimously.

III. Mr. Rice referred to Agenda Item III ~ Review of Investments and Money Manager Performance ~ Asset Services Company

Ms. Karen Foust, Asset Services Company referred to the 3rd quarter report for 2009. The total market value of the account was up 17.2 million.

Ms. Foust reviewed the performance of Sawgrass (Large-Cap Growth). For the third quarter of 2009 Sawgrass trailed its index (Russell 1000 Growth) slightly. For the calendar year to date, Sawgrass trailed its index. Asset Services has been monitoring Sawgrass' performance. Looking at the performance for the last three years the large cap growth is right in line with the index.

Mrs. Foust reviewed the performance of Foundation Resource (Large-Cap Value). Foundation Resource has had outstanding performance. For the third quarter of 2009 Foundation Resource was up 24% compared to its index (Russell 1000 Value) at 18.24% increase. For the calendar year to date, Foundation Resource was up 31% and the index was up 14%.

Ms. Foust reviewed the performance of the small cap and international funds, as well as the fixed income portfolio that Bank of Oklahoma manages. Questions and Discussion followed.

Overall the Library Retirement plan is ahead for the quarter compared to the policy index. The plan is also ahead for the calendar year as well as the, one, three and five year marks. The plan is lagging slightly since inception. For a five year time period the plan is up 3.97% versus the policy index which is up 3.59%. Questions and Discussion followed.

IV. Mr. Rice referred to Agenda Item IV ~ Defined Contribution Plan Report ~ Mark Thompson, Mass Mutual Financial Group.

Mr. Mark Thompson, Mass Mutual, stated as of the close of business on November 9 2009, the assets of the Metropolitan Library System Defined Contribution Plan totaled \$6,020,223.85, which represents an increase of \$1,910,872.56 or 46.5% from the March 30, 2009 total. Some of the increase is attributable to deposits by the Library but most is a result of the rebound of the stock market since March. There are currently 158 active participants in the plan compared to 157 at the end of March.

Mr. Thompson will be conducting employee education meetings in December. Part of the aspect to those employee meetings will be to explain what happened and what is going on now. Mr. Thompson continues to attend every GOAL class for new library employees to explain the defined contribution plan. Every new employee is given a business card with Mr. Thompson's direct phone number and encouraged to call or email with any financial questions or concern they may have. Questions and Discussion followed.

Mr. Thompson handed out and explained the Strategic Plan Review and Action Plan from October 1, 2008 through September 30, 2009 for the Defined Contribution Plan. Mr. Thompson stated at the last meeting of the Pension Board in April 2009, the possibility to replace certain funds which were not meeting the selected benchmarks was discussed. Since that time the four funds that were in question have outperformed the funds that were suggested as future possibilities to switch to. Mr. Welch suggested Mr. Thompson share this information with staff in the future to assure them that performances are being monitored constantly and that no changes are ever made without carefully studying and analyzing the data. Discussion followed.

V. Mr. Rice referred to Agenda Item V ~ Discussion, Consideration, and Possible Action: Annual Valuation as of July 1, 2009.

Mr. Ken Culver, President, FBD Consulting, Inc. reviewed the Annual Valuation report. The Plan's assets on July 1, 2009, were \$15,594,329. The present value of accrued benefits is \$14,881,312.

Mr. Culver referred to and explained the actuary's comments on page 3 of the report.

The plan's market value investment rate of return for the year ending June 30, 2009 was approximately <15.36%>. The plan's actuarial value investment rate of return for the year ending June 30, 2009 was approximately <2.91%>. This compares to an assumed rate of return of 7%. This produced a loss of approximately \$ 1,913,000. The overall experience loss was approximately \$2,590,000.

The average salary increase for participants included in both the current and prior year valuation was approximately 5.28%. The actuarial assumption for salary increases was 5% for the prior year.

Mr. Culver stated the recommended contribution is based upon the actuarial assumptions used by the Plan's Actuary and is input into the system as plan specifications. If the Employer contribution is made by February 1, 2010, the amount is \$1,012,622. The estimated employee contributions for the 2009 plan year are assumed to be \$116,128. Questions and Discussion followed.

Mr. Rice called for a motion on the recommended contribution to the Pension Fund for FY 2009-2010.

Mr. David Greenwell moved that the Metropolitan Library System's contribution to the pension fund for FY 2009-10 shall be \$1,012,622 payable by February 1, 2010. Mr. Lovely seconded. No further discussion; motion passed unanimously.

VI. There being no further business, the meeting was adjourned at 4:51 p.m.

Donna Morris, Executive Director

INTRODUCTION

This report contains a detailed description and the results of a valuation of the Metropolitan Library System Pension Plan as of July 1, 2010. The purpose of the valuation is to:

1. set forth the financial condition of the Plan;
2. determine the level of the company's contribution for the July 1, 2010 through June 30, 2011 Plan Year;
3. provide information for tax and accounting purposes.

In completing the Valuation and subsequent Actuarial Certification, we have relied on the following sources:

The Plan:	This valuation was based upon copies of the Plan originally effective July 1, 1969, restated effective July 1, 1994 on March 30, 1994, most recently amended effective April 1, 1997 on March 11, 1997, restated December 12, 2002 and amended effective August 29, 2005.
Employee Data:	This valuation is based upon the employee data provided to us by the Plan Sponsor.
Asset Information:	This valuation was based upon asset values provided to us by Bank of Oklahoma, N.A.

In an effort to determine the funded status of the plan for termination liability purposes, the plan assets are compared with the present value of accrued benefits:

1. Current plan assets (market value)	17,953,158
2. Present value of accrued benefits	15,821,962

The present value of accrued benefits is based on the plan's definition of actuarial equivalence which is 8% interest and UP84 mortality. This produces a benefit security ratio of 113%.

This report has been prepared in accordance with generally accepted actuarial principles and practices. It is based on financial and employee information (neither of which has been audited by us) furnished as specified above. The contents of this report are believed to comply with the section of ERISA as reflected in IRS Code Section 412 (C)(3) requiring that "actuarial assumptions must be reasonable".

Michael N. Bettis
Michael N. Bettis, A.S.A.
Actuary

September 10, 2010
Date

CONTRIBUTION REQUIREMENTS

The contribution is based upon the actuarial assumptions proposed by the Plan's Enrolled Actuary, and as input into the system as plan specifications.

If the Employer contribution is made on December 1, 2010, the amount is \$ 996,982. The estimated employee contributions for the 2010 plan year are assumed to be \$ 112,643.

ACTUARY'S COMMENTS

The Employer's dollar amount normal cost decreased from \$ 972,895 last year to \$ 968,727 this year. The Employer normal cost percentage increased from 33.51% in the prior valuation to 34.40% in the current valuation.

The plan's market value investment rate of return for the year ending June 30, 2010 was approximately 14.19%. The plan's actuarial value investment rate of return for the year ending June 30, 2010 was approximately 6.29%. This compares to an assumed rate of return of 7%. This produced a loss of approximately \$ 134,000. The overall experience loss was approximately \$ 228,000.

The average salary increase for participants included in both the current and prior year valuation was approximately 5.11%. The actuarial assumption for salary increases was 5% for the prior year.

The number of active participants included in the July 1, 2010 valuation was 71 and includes 8 active participants with frozen benefits. There were 12 terminated vested participants and 76 retired participants and/or beneficiaries receiving benefits as of July 1, 2010.

METROPOLITAN LIBRARY SYSTEM'S CONTRIBUTION TO PENSION FUND FY 2010-2011

The Metropolitan Library System's contribution to the pension fund each year is based on the recommendation of the plan administrator, DailyAccess Corporation. This year the recommended amount is \$996,982, a decrease of \$15,640 from last year's contribution.

The Administration recommends that the Metropolitan Library System's contribution to the defined benefit fund be \$996,982, payable by February 1, 2011, as recommended by the actuary. The Metropolitan Library Commission has approved an amount of \$1,768,596 in the Fiscal Year 2010-11 budget for this and for the defined contribution plan, estimated to be \$771,614.

PROPOSED ACTION:

That the Metropolitan Library System's contribution to the defined benefit fund for FY 2010-11 shall be \$996,982 payable by February 1, 2011.